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UPDATES

MSME Ministry Organises National Seminar on Enabling MSMEs to Go from Local to Global through Digital Commerce at IIT Madras

The Ministry of Micro, Small and Medium Enterprises, Government of India, through the MSME Development & Facilitation Office, Chennai, organised a National Seminar on "From Local to Global: Enabling Export-Ready MSMEs through Digital Commerce" at IIT Madras, Chennai, on 18th August 2026.

The seminar brought together MSMEs, entrepreneurs, students, policymakers, financial institutions, export ecosystem stakeholders and digital commerce experts to explore practical pathways for enabling MSMEs to access national and international markets.

Experts and officials from DGFT, EXIM Bank, ECGC, IIT Madras and export and e-commerce consulting domains provided practical insights on export procedures, trade finance, export risk mitigation, international payments, compliance, digital onboarding and opportunities for MSMEs to leverage e-commerce for global market access.

The initiative reflects the Ministry of MSME's continuing commitment to strengthening market access, digital adoption and export preparedness for MSMEs, contributing to the vision of taking Indian enterprises "From Local to Global."

Source: https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2301417&reg=3&lang=1

MSME Sustainable (ZED) Certification: Strengthening Quality, Sustainability and Women-led Enterprises

The Ministry of Micro, Small and Medium Enterprises is promoting quality-driven and environmentally responsible manufacturing through the MSME Sustainable - ZED Certification Scheme.

The Government has provided 100% subsidy on the cost of ZED Certification for women-owned MSME, effective from 11 November 2023.

As on 7th July 2026, around 9.49 lakh MSME had registered under the scheme, with over 6.67 lakh Bronze, 6,700 Silver and 4,800 Gold certifications awarded. The initiative has also provided more than ₹913 crore in financial support.

The ZED initiative is helping MSME strengthen their competitiveness, enhance market credibility and integrate more effectively into domestic and global value chains.

Source: **https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2294133&reg=3&lang=1**

MSMED (Amendment) Bill, 2026 Passed by Parliament

The MSMED (Amendment) Bill, 2026 was passed by the Lok Sabha on 7 August 2026, following its passage in the Rajya Sabha on 3 August 2026. The amendments aim to strengthen the MSME ecosystem by providing a statutory framework for Udyam Registration, introducing Online Dispute Resolution (ODR) and time-bound mechanisms for delayed payment disputes, enabling recovery of awards as arrears of land revenue, and mandating CPSEs to route MSME invoice settlements through TReDS. The amendments also enable States to establish multiple MSE Facilitation Councils and introduce decriminalisation and graded civil penalties to promote a trust-based regulatory environment and improve Ease of Doing Business for MSMEs.

Source: **https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2296358&reg=3&lang=1**

CTTC Bhubaneswar Trains Over 8,000 Engineering Students Through Summer Internship Programme 2026

The Central Tool Room & Training Centre (CTTC), Bhubaneswar, under the Ministry of MSME, successfully trained 8,083 engineering students from 22 States and UTs, including international students from Sudan and Yemen, through its four-week Summer Internship Programme held during May–June 2026. The industry-oriented programme covered 39 engineering and emerging technology domains, including AI-ML, Cloud Computing, IoT, Python, PLC Programming and Additive Manufacturing, providing students with hands-on training to enhance their technical skills and employability.

Source: https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2304059&reg=3&lang=1

ODOP: From Local Heritage to Global Enterprise

How Uttar Pradesh is Building an MSME Ecosystem—and Why Chartered Accountants Have a Pivotal Role to Play

Introduction

India's MSME sector represents far more than a statistical classification of enterprises. It reflects the economic diversity of the country—its artisans, weavers, manufacturers, farmers, craftsmen, traders and entrepreneurs spread across thousands of towns and villages.

Every district has traditionally developed expertise in particular products or economic activities. In one district, it may be handloom; in another, metal craft, food processing, leather, pottery, engineering goods or agricultural products. The real challenge is to convert this inherited local capability into sustainable, organised and globally competitive economic value.

Uttar Pradesh's One District One Product (ODOP) initiative seeks to address precisely this challenge. Launched in 2018, ODOP aims to identify, preserve, modernise, finance, brand and market the distinctive products associated with different districts of the state.

However, ODOP should not be viewed merely as a handicraft or artisan-promotion programme. Its larger significance lies in its convergence with the broader MSME ecosystem, encompassing finance, skill development, technology, common infrastructure, quality, marketing, formalisation and exports.

For Chartered Accountants, this transformation creates a significant professional opportunity. The traditional role of the CA as an accountant, auditor or tax professional can evolve into that of a financial architect, business adviser and growth partner for the next generation of MSMEs.

Uttar Pradesh: A Natural Laboratory for MSME Development

The scale and diversity of Uttar Pradesh's MSME ecosystem make the state particularly important for India's economic development.

According to the Ministry of MSME Annual Report 2025–26, Uttar Pradesh had 83,10,171 registered MSMEs as reported up to 31 January 2026. This included approximately 82.67 lakh micro enterprises, 40,249 small enterprises and 2,648 medium enterprises.

But the real strength of Uttar Pradesh is not merely the number of enterprises. It lies in the geographical concentration of specialised products and traditional capabilities.

Moradabad is known for Metal Craft; Varanasi for Silk and Handloom; Lucknow for Chikankari and Zari-Zardozi; Firozabad for Glassware; Bhadohi for Carpets; Saharanpur for Wood Craft; Aligarh for Locks and Hardware; Meerut for Sports Goods; Kanpur for Leather Products; Gorakhpur for Terracotta; Siddharthnagar for Kala Namak Rice; and Ayodhya for Jaggery Products.

The fundamental policy idea behind ODOP is simple but powerful: instead of expecting every district to become competitive in everything, each district should build exceptional competitiveness around capabilities it already possesses. This is essentially a cluster-based economic development model.

From Product Identification to a Complete Product Ecosystem

Possessing traditional skill does not automatically translate into profitability.

An artisan may have exceptional craftsmanship but still struggle because of inadequate finance, outdated technology, poor packaging, limited market access, weak accounting systems or insufficient working capital.

A successful modern enterprise requires: Finance + Technology + Quality + Design + Packaging + Market Access + Logistics +

Accounting + Branding + Working Capital.

ODOP attempts to build this ecosystem through interventions such as skill development, modern toolkits, Common Facility Centres (CFCs), margin-money support, marketing assistance, exhibitions, buyer-seller interactions and digital market access.

The programme's reported achievements include 29 sanctioned Common Facility Centres, of which 11 were operational and 18 were under implementation, projects worth approximately ₹4,000 crore sanctioned under the ODOP Margin Money Scheme, and more than one lakh artisans trained and provided modern toolkits.

The importance of Common Facility Centres is particularly significant for micro enterprises. An individual small manufacturer may not be able to afford specialised machinery, testing equipment, design infrastructure or modern packaging facilities. Shared infrastructure can therefore reduce the cost of modernisation and improve the competitiveness of an entire cluster.

The focus consequently shifts from supporting individual enterprises to building competitive ecosystems.

ODOP and the Convergence of Government Schemes

One of the most important aspects of ODOP is its potential to become a convergence platform for different government schemes.

An entrepreneur's requirements change as the enterprise grows. At the start, a new entrepreneur may need entrepreneurship training, initial capital, machinery, registrations and basic accounting systems. During expansion, requirements may shift towards working capital, technology upgradation, quality certification, additional manpower, digitalisation and increased production capacity. At the export stage, the enterprise may require export documentation, international certifications, branding, logistics, foreign buyer acquisition, export credit and insurance, and foreign exchange management.

The wider Uttar Pradesh MSME ecosystem contains multiple programmes addressing different stages of this journey, including ODOP, Vishwakarma Shram Samman Yojana, Mukhyamantri Yuva Udyami Vikas Abhiyan and other state and central initiatives.

The challenge, therefore, is not simply whether schemes exist. The greater challenge is scheme convergence. A small entrepreneur should not have to navigate numerous departments and programmes merely to determine which combination of support is applicable to the business.

This is precisely where professional intermediaries such as Chartered Accountants can add substantial value.

Finance: The Bridge Between Artisan and Entrepreneur

Two individuals may possess exactly the same technical skill, yet their economic outcomes can be completely different. Often, the difference lies in access to finance and the ability to manage that finance effectively.

Government assistance and subsidies can help initiate an enterprise, but sustainable growth requires sound financial planning.

A bank evaluating an MSME needs to understand projected turnover, gross margins, working-capital cycle, inventory requirements, debtor and creditor days, repayment capacity, Debt Service Coverage Ratio (DSCR), break-even point and sensitivity to changes in raw-material prices.

A professionally prepared project report can transform an entrepreneur's business idea from a narrative into a financially assessable proposition.

This is an area in which Chartered Accountants possess a natural advantage. The CA can help an entrepreneur understand not only how much money is required, but also why it is required, where it should be deployed, how it will generate returns, and how it will be repaid.

The CA as an MSME Growth Adviser

The traditional perception of a Chartered Accountant is strongly associated with accounting, audit and taxation. The emerging MSME ecosystem requires a much broader role. The CA can become the entrepreneur's financial architect.

1. **Formalisation**

   Many traditional businesses begin as proprietorships or informal household enterprises. A CA can guide the entrepreneur regarding appropriate business constitution, PAN and GST, Udyam registration, bookkeeping, banking arrangements, payroll, statutory compliance and documentation. Formalisation creates a reliable financial history and can improve access to institutional finance.

2. **Financial Planning and Costing**

   A small entrepreneur may know exactly how to manufacture a product but may not know its true cost. The CA can introduce product-wise costing, gross contribution, break-even analysis, cash-flow forecasting and working-capital planning. This can fundamentally improve pricing and business decisions.

3. **Government Scheme Mapping**

   A CA can prepare a simple MSME Scheme Matrix for each entrepreneur. The professional's role is not merely to inform the entrepreneur that a scheme exists. It is to determine eligibility, financial impact, documentation and compliance requirements.

From Bookkeeping to Business Intelligence

One of the biggest weaknesses of micro enterprises is inadequate management information.

An entrepreneur may maintain accounts because the law requires it, yet still be unable to answer fundamental business questions: Which product is most profitable? Which customer generates the highest contribution? How much inventory is lying idle? How much cash is locked in receivables? What is the minimum viable selling price? Which product should be discontinued? What happens if raw-material prices increase by 10%?

A CA can bridge this gap through management accounting, MIS and financial dashboards.

A simple monthly dashboard could track: Sales | Gross Margin | EBITDA | Inventory Days | Debtor Days | Creditor Days | Cash Conversion Cycle | Bank Utilisation | Order Book.

For a growing ODOP enterprise, such information can be more valuable for decision-making than a year-end financial statement alone.

This is where the profession can move from compliance reporting to decision support.

ODOP 2.0: From Local Product to Global Brand

The first phase of ODOP was substantially focused on identifying and promoting district-specific products. The next phase must increasingly focus on competitiveness, value addition and scale.

A product may be famous within its district but remain unknown outside India.

The journey from traditional product to global brand requires: Standardisation → Quality →Branding → Packaging → Certification → Digital Marketing → E-commerce → Export.

E-commerce is particularly important because it reduces the geographical disadvantage traditionally faced by micro enterprises. A manufacturer located in a small town can potentially access customers in major Indian cities and international markets without establishing physical retail stores in every market.

However, e-commerce also introduces new financial and accounting complexities, including SKU-level inventory, digital payment reconciliation, platform commissions, returns, GST implications, product costing, customer acquisition cost and contribution analysis.

Again, the CA can move beyond compliance and become part of the enterprise's commercial decision-making process.

Export Promotion: The Next Growth Engine

The next major opportunity for ODOP lies in integrating district-level products with Uttar Pradesh's export strategy.

The Uttar Pradesh Export Promotion Policy 2025–30 targets an increase in state exports from approximately US$21 billion to US$50 billion by 2030 and seeks to expand the registered exporter base, with particular emphasis on MSMEs, start-ups, ODOP units and first-time exporters.

The policy also seeks wider district participation in exports and focuses on areas such as e-commerce-led exports, GI products, testing, certification and logistics.

This creates a natural growth pathway:

District → ODOP Product → MSME → Formal Enterprise → Exporter → Global Brand

For Uttar Pradesh, which is a landlocked state, logistics and freight costs remain important considerations. Export support mechanisms addressing transportation, e-commerce onboarding and other export-related costs can therefore improve the viability of small consignments and first-time exporters.

The opportunity is not limited to traditional handicrafts. It extends to food products, textiles, leather, engineering goods, agricultural products and other district-level capabilities.

GI, Branding and Value Addition

Traditional products often face a paradox: their uniqueness creates economic value, but inadequate branding and standardisation prevent producers from capturing that value.

A generic product described simply as "handmade textile" competes largely on price. A properly branded geographical product can instead communicate authenticity, heritage, craftsmanship, quality, traceability and regional identity.

Branding, however, should not be reduced to a logo. It should combine product quality, storytelling, packaging, traceability, certification, digital presence and customer experience.

For Chartered Accountants, this also creates a relatively unexplored advisory opportunity—evaluating the financial return from branding expenditure and measuring the profitability of different sales channels.

A District-Level CA Advisory Model

One potentially transformative development would be the creation of District MSME/ODOP Advisory Cells.

Such a platform could bring together District Administration, MSME Department, Banks, Industry Associations, Chartered Accountants, Skill Institutions, Export Promotion Bodies and E-commerce Platforms.

Within this ecosystem, the CA could act as the financial and compliance bridge between the entrepreneur and government, banking and market institutions.

A structured advisory package could cover:

1. Udyam and other registrations
2. Constitution and tax structure
3. Accounting system
4. Project report
5. Working-capital assessment
6. Government scheme eligibility
7. Subsidy and assistance documentation
8. Costing and pricing
9. Internal controls
10. GST and direct-tax compliance
11. Financial MIS

12. Export readiness

13. Succession and governance planning

Such a model would expand the contribution of the CA profession from compliance towards enterprise development and nation-building.

What Should ODOP Measure Next?

The number of beneficiaries, toolkits distributed or projects sanctioned provides useful information, but these measures alone do not demonstrate whether enterprises are becoming economically stronger.

The next generation of ODOP monitoring should focus increasingly on outcomes.

Enterprise Metrics: turnover growth, profitability, survival rate, employment generation and productivity per worker.

Financial Metrics: institutional credit accessed, reduction in working-capital cycle, number of bankable enterprises and improvement in repayment capacity.

Market Metrics: domestic sales, e-commerce sales, export value, number of first-time exporters and repeat international buyers.

Social Metrics: artisan income, women's participation, youth entrepreneurship and rural employment.

This would transform ODOP from a scheme-monitoring framework into an enterprise-performance framework.

Challenges That Cannot Be Ignored

ODOP has created an important foundation, but several challenges remain.

Scale: Many enterprises continue to operate at the micro level. The objective should be to help successful enterprises graduate into the small and medium enterprise categories.

Quality: Global customers expect consistency. Traditional craftsmanship must therefore be combined with modern quality-management systems.

Design: Heritage alone does not guarantee sustained market demand. Continuous design innovation is essential.

Working Capital: Rapid growth can itself create financial stress if inventory and receivables grow faster than cash generation.

Digital Capability: Putting a product online is not the same as building a successful online business. Digital selling requires proper inventory, pricing, reconciliation, analytics and customer management.

Professional Management: An enterprise may begin with craftsmanship but, as it grows, requires systems, delegation, internal controls, governance and financial discipline. These are precisely the areas where the CA profession can make a significant contribution.

The Larger Lesson

The most powerful feature of ODOP is that it begins with something that already exists.

It does not attempt to create an artificial economic identity for a district. Instead, it identifies existing capabilities and asks: How can we make this capability more productive, formal, marketable and globally competitive?

The economic journey can therefore be represented as:

Local Skill → Formal MSME → Finance → Technology → Quality → Branding → Digital Market → Export → Global Brand

This model has implications far beyond handicrafts. It can become a framework for decentralised industrialisation, allowing economic growth and employment opportunities to spread across districts rather than remaining concentrated in major metropolitan centres.

Conclusion: From Compliance to Competitiveness

The future success of Uttar Pradesh's ODOP programme should not be judged merely by the number of artisans receiving assistance or products displayed at exhibitions.

Its ultimate test should be whether a traditional producer can become a sustainable, formal, profitable and globally competitive enterprise.

That transformation requires much more than subsidy. It requires capital, technology, skills, markets, data, governance and professional advice.

This is where Chartered Accountants have an important role to play.

The CA profession can help convert informal economic activity into financially disciplined enterprises; convert financial statements into management information; convert government schemes into actionable opportunities; and convert local businesses into investment-ready and export-ready organisations.

The vision of ODOP should therefore gradually evolve from:

"One District, One Product"

to

"One District, One Globally Competitive MSME Ecosystem."

If this transformation succeeds, Uttar Pradesh's traditional products will not merely preserve India's cultural heritage. They can become powerful engines of employment, entrepreneurship, exports and inclusive economic growth.

For the CA profession, this represents an opportunity to participate directly in that transformation.

The next generation of MSMEs does not need only accountants. It needs advisers who understand numbers, regulations, finance, technology, markets and strategy.

That may ultimately be the most important professional lesson emerging from the ODOP journey.

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By CA Harshit Arya

Managing Working Capital in Auto-Component MSMEs: Delayed Payments, TReDS and Procurement Strategies

Executive Summary - The Shop-Floor Liquidity Trap

The financial performance of the Indian automotive industry depends substantially on the capacity of its wider supplier network to maintain uninterrupted production. Large OEMs and Tier-1 suppliers generally receive greater attention because of their scale, but a significant part of component manufacturing is undertaken by Tier-2 and Tier-3 enterprises. Many of these micro, small and medium enterprises (MSMEs) operate in established automotive manufacturing clusters such as Bhosari, Ambattur, Manesar and Pant Nagar. Their activities include machining, stamping, moulding, casting and the manufacture of other components required by larger manufacturers. A recurring concern for such enterprises is the availability of adequate working capital when payment from larger customers is delayed.

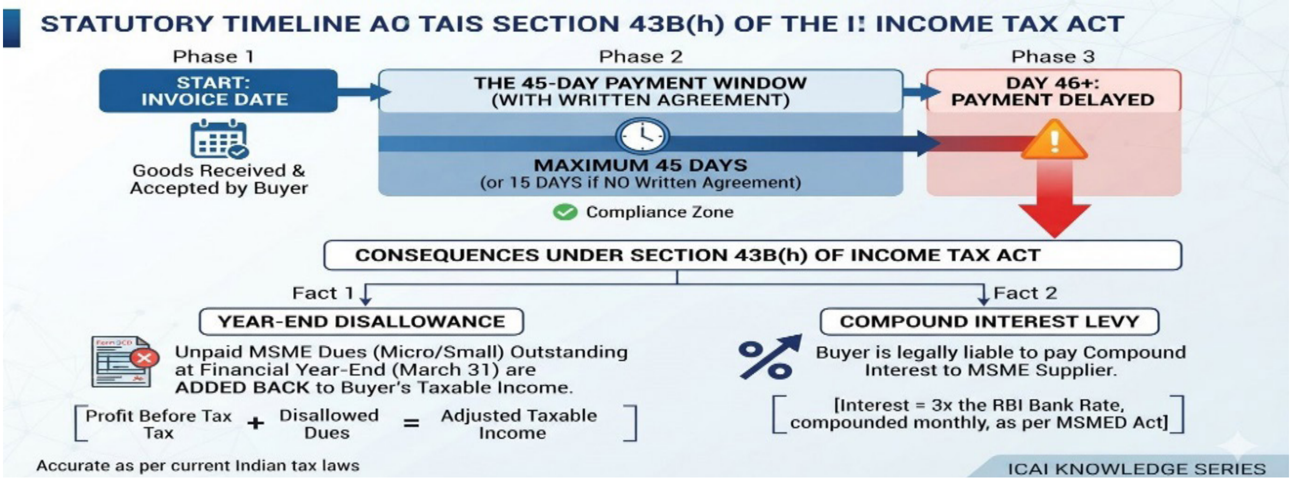
The working-capital pressure becomes more evident when the timing of cash inflows and outflows is considered. An auto-component MSME may have to purchase steel, tooling material, dies, consumables and other production inputs before it receives payment for the finished component. The supplier therefore carries inventory and production costs for a period during which the corresponding sales proceeds have not yet been realised. Where customers operate on extended credit arrangements, the gap between payment to suppliers and collection from customers can become a significant financing requirement.

The resulting mismatch can be viewed through the movement of funds across the production cycle. The MSME first commits cash to raw materials, after which the amount remains represented by inventory and work-in-progress until production and delivery are completed. Once the goods are supplied, the amount moves into trade receivables until the customer makes payment. If the receivable remains outstanding for an extended period, the enterprise may have difficulty meeting its own operating expenses, statutory payments and planned investment requirements. Thus, the duration for which funds remain tied up in the operating cycle becomes an important financial-management issue.

This is an area in which the Chartered Accountant can contribute beyond conventional year-end compliance. In an auto-component MSME, the CA can examine the pattern of receivables, payment terms, financing costs and statutory obligations together rather than treating them as separate issues. The professional role may therefore extend to identifying liquidity risks, evaluating suitable receivables-financing arrangements and establishing controls for monitoring delayed payments. The emphasis is on timely financial information and preventive action rather than relying exclusively on year-end review.

The Legal Friction—Section 43B(h) and the Realities of the 45-Day Rule

Section 43B(h) of the Income-tax Act, 1961 has significant implications for payments due to micro and small enterprises. The provision links the timing of deduction to the payment requirements prescribed under Section 15 of the MSMED Act, 2006. Where the relevant conditions are met and payment is not made within the prescribed period, the amount is subject to the tax treatment specified under Section 43B(h). The practical consequence for businesses is that the timing of payment to eligible MSME suppliers can directly affect the timing of the corresponding tax deduction.



The payment requirement needs to be considered alongside Section 15 of the MSMED Act. Where a written agreement exists between the buyer and the micro or small enterprise supplier, the agreed payment period is subject to the statutory limit prescribed by the Act. The document should therefore be examined to determine the agreed credit period and the relevant date of acceptance or deemed acceptance. Where there is no written agreement governing the payment period, the statutory provision becomes particularly important because the applicable period is shorter.

The provision can materially change the way larger buyers manage their vendor-payment cycles. Payment periods extending substantially beyond the statutory framework may create tax consequences for the buyer where the supplier falls within the relevant micro or small enterprise category. Consequently, an organisation that historically operated with extended vendor-credit periods needs to review its supplier classification, contractual terms, acceptance dates and payment records. The financial impact should be assessed invoice by invoice rather than assuming that every outstanding trade payable is subject to identical treatment.

The payment consequences are not limited to the income-tax treatment. Section 16 of the MSMED Act provides for interest on delayed payments to eligible micro and small enterprise suppliers. The interest mechanism prescribed under the Act is based on the rate specified by the statute and is calculated in accordance with its provisions. Accordingly, the buyer should maintain sufficient documentation of the date on which payment became due, the date on which it was actually made and the basis used for calculating any applicable interest.

The statutory framework does not, by itself, eliminate operational disputes. Payment may still be affected by disagreements concerning quality, acceptance, documentation, classification or contractual terms. For a practicing CA, these situations require examination of the underlying purchase order, delivery documentation, acceptance records, correspondence and payment history. Three situations are particularly relevant for examination in the context of the present discussion:

- **Quality or acceptance disputes:** A dispute concerning the quality, specification or acceptance of supplied components can affect the determination of the payment timeline. For example, where a buyer raises a documented objection concerning engineering tolerances or the conformity of a batch with the agreed specifications, the CA should examine the purchase order, inspection report, rejection note, correspondence and subsequent acceptance records. The purpose of the review should be to establish the actual chronology of the transaction rather than simply treating a late-stage dispute as automatically extending or resetting the payment period.

- **Verification of enterprise classification:** The classification of a supplier is important because the statutory and tax consequences discussed in this article depend on the supplier satisfying the relevant conditions. The buyer should therefore rely on appropriately verified enterprise information and maintain records supporting the classification used for its accounting and tax review. Any inconsistency between the supplier's records, Udyam information and the buyer's vendor master should be investigated rather than resolved merely through an informal change in classification.
- **Changes in supplier selection:** A buyer may review its procurement structure in response to changes in compliance requirements, payment controls and supplier classification. From an MSME perspective, excessive dependence on one large customer can therefore create both liquidity and commercial risk. Diversification of customers, where commercially feasible, can reduce the consequences of delayed payment from any one buyer. Any assertion that procurement is being shifted specifically to avoid statutory obligations, however, should be supported by evidence before being presented as an established industry practice.

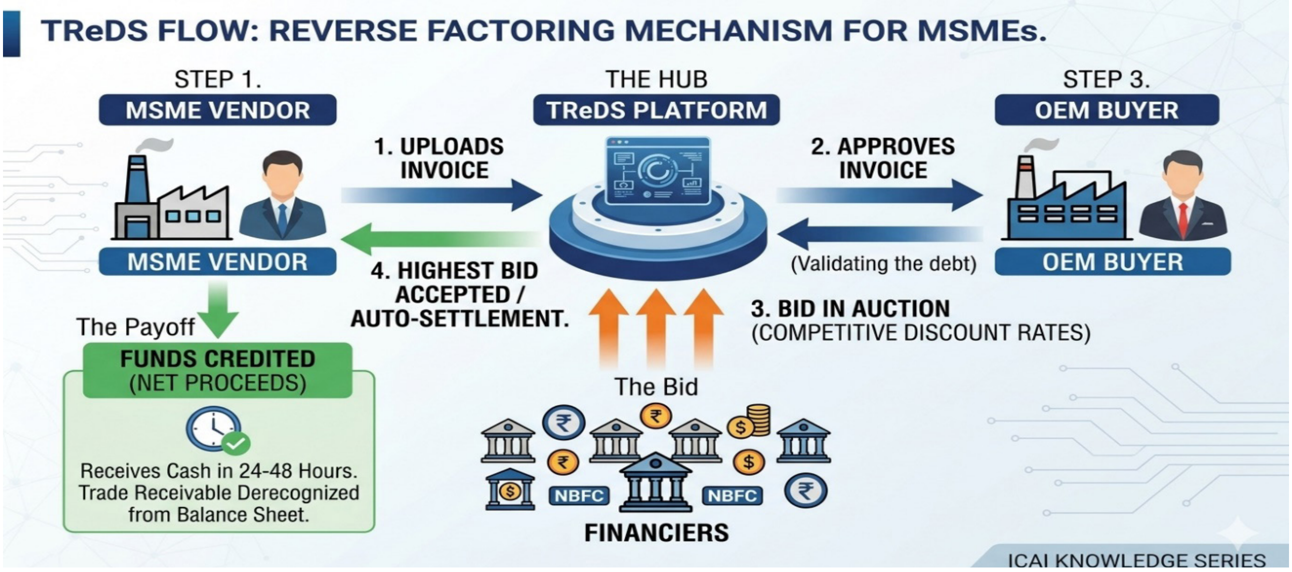
For statutory audit and tax-advisory purposes, the review of payments to micro and small enterprises should be supported by a clear audit trail. The vendor master should be reconciled with the available enterprise-classification information, and the relevant purchase orders, work orders or other contractual documents should be examined. The review should capture the dates relevant to the payment calculation, including supply, acceptance or deemed acceptance, invoice and actual payment, as applicable.

A practical review can therefore include four basic records: **(i)** supplier classification, **(ii)** contractual payment terms, **(iii)** delivery and acceptance documentation, and **(iv)** bank/payment records. These records allow the reviewer to determine whether an amount remains outstanding beyond the period prescribed under the applicable provisions. The resulting tax treatment and reporting requirement should then be determined with reference to the applicable law and the facts of the individual transaction. The existence or otherwise of a complaint before the MSME Samadhaan mechanism should not be treated as the sole basis for determining the underlying payment position.

Financial Re-engineering via TReDS and Supply Chain Finance

One possible response to the working-capital gap is the use of receivables-financing mechanisms such as the Trade Receivables Discounting System (TReDS). TReDS provides an institutional mechanism through which eligible receivables can be financed by participating financiers. Platforms operating within the TReDS framework include M1xchange, RXIL and Invoicemart. For an MSME, the potential benefit is that an eligible receivable can be converted into cash before the contractual due date, subject to the applicable platform process, buyer participation and financing terms.

In a typical transaction, the MSME presents an eligible invoice through the TReDS platform. The buyer confirms the underlying transaction, after which participating financiers may provide bids for financing the receivable. The MSME can then select the applicable financing option in accordance with the platform's process and commercial terms. On successful financing, the MSME receives the proceeds, net of the applicable discount or financing cost, while settlement of the underlying obligation takes place according to the agreed TReDS arrangement. The actual processing time and financing cost will depend on the transaction and participating entities and should therefore not be treated as a fixed 24–48-hour outcome in every case.



The accounting treatment of a TReDS transaction requires careful assessment rather than an automatic assumption that the receivable has been sold. A conventional cash-credit facility generally results in a borrowing being recognised as a liability, whereas the accounting treatment of receivables financing depends on the contractual terms and whether the requirements for derecognition are satisfied. The CA should therefore examine the rights transferred, the extent of continuing involvement, the associated risks and rewards and the applicable accounting framework before determining the appropriate presentation. Where derecognition is appropriate, the effect on receivables and related financial ratios should then be evaluated.

The accounting entries should follow the applicable financial-reporting framework and the conclusions reached from the derecognition assessment. Where the transaction qualifies for derecognition, the accounting records should reflect the receipt of proceeds, the related financing or discounting cost and removal of the receivable, as applicable.

1. **Upon Invoice Generation & Acceptance:**
   - *Debit* OEM Buyer A/c
   - *Credit* Revenue from Operations A/c
2. **Upon Successful Discounting on the TReDS Platform:**
   - *Debit* Bank A/c (Net proceeds received)
   - *Debit* Discounting Charges/Finance Cost A/c (The bid percentage)
   - *Credit* OEM Buyer A/c (Completely derecognizing the receivable asset)

TReDS does not eliminate every operational difficulty. Its effectiveness depends, among other things, on the participation of the relevant buyer and completion of the required invoice-approval process. An MSME may therefore be registered on a platform but still face delays if an important customer does not participate or does not approve an eligible invoice within the expected timeframe. In such cases, the CA can examine whether the MSME should continue relying on the particular buyer for receivables financing or whether alternative financing and customer-diversification measures are required.

Procurement Optimization—Transitioning to the Government e-Marketplace (GeM)

Financing addresses the timing of cash flows, but it does not by itself address customer concentration or dependence on a limited number of buyers. For an MSME manufacturer, diversification of the customer base can therefore be considered alongside working-capital management. The Government e-Marketplace (GeM) provides an additional procurement channel through which eligible enterprises can participate in public-sector purchasing opportunities. The suitability of GeM for a particular auto-component manufacturer will depend on the products offered, applicable procurement specifications and the nature of the available tenders.

Where an eligible MSE intends to participate in public procurement, the CA can assist management in understanding the relevant provisions of the Public Procurement Policy for MSEs and the requirements applicable to individual tenders. The following provisions are particularly relevant to the discussion in this article:

- **Tender fee and EMD provisions:** Eligible Micro and Small Enterprises may receive the exemptions or concessions prescribed under the applicable public-procurement provisions. These provisions can reduce the financial burden associated with participation in eligible tenders. The enterprise should nevertheless examine the conditions of the particular procurement before assuming that an exemption applies automatically.
- **Price-preference mechanism:** The public-procurement framework contains provisions concerning price preference for eligible MSE bidders in specified circumstances. Where the applicable conditions are satisfied, an MSE whose quoted price falls within the prescribed range of the L1 bidder may have an opportunity to match the L1 price and receive the procurement preference specified under the policy. The precise benefit should be determined from the applicable policy and the terms of the individual tender rather than treated as an unconditional entitlement.

Participation in public procurement can introduce a different set of working-capital considerations. One such issue is the time taken for receipt, inspection and acceptance of the supplied goods. In transactions where a Consignee Receipt and Acceptance Certificate (CRAC) is required, the MSME needs to monitor the period between physical delivery and formal acceptance. Any delay in completion of the required acceptance process can affect the timing of subsequent payment-related activities. The applicable procurement terms should therefore be checked for the relevant acceptance and payment timelines.

From a control perspective, the MSME can maintain a transaction-wise record linking dispatch, delivery, inspection, acceptance and payment. The accounting or ERP system can be used to record these milestones and generate alerts where a transaction remains pending beyond the relevant contractual or procedural period. This provides management and the CA with an early indication that a receivable may remain outstanding longer than originally expected.

The CA as a Growth Architect—A Strategic Toolkit and Reference Framework

Changes in regulation, digital procurement and alternative financing are expanding the range of financial issues that an MSME needs to monitor. In this environment, the practicing Chartered Accountant can contribute not only through historical financial reporting and statutory compliance but also through periodic review of liquidity, receivables, financing arrangements and procurement-related risks. For an auto-component enterprise, this broader role can resemble that of a part-time financial adviser or CFO, particularly where the business does not maintain a large internal finance team.

These recommendations become useful only when they are converted into routine controls. The CA can therefore work with management to translate the broader financial objectives into a small number of measurable procedures within the accounting, ERP and procurement systems.

The CA's Operational Liquidity Toolkit

- **Supplier classification in the accounting system:** The receivables and payables records should provide sufficient information to identify suppliers whose enterprise classification has implications for payment monitoring. Where the ERP permits, vendor records can be linked with verified classification information so that transactions involving relevant micro and small enterprises can be identified separately. This makes subsequent ageing and compliance review more efficient.

- **Early-warning payment trigger:** Management can introduce an internal alert before the relevant statutory payment deadline is reached. A 35-day alert may be used as an internal control where appropriate, giving the finance team time to verify outstanding documentation, resolve genuine disputes and follow up with the customer. The 35-day point should be understood as an internal risk-management trigger rather than as a statutory deadline.
- **Financing-cost comparison:** The CA can compare the effective cost and commercial implications of available financing alternatives. This may include the cost of a conventional cash-credit facility, the financing cost associated with receivables discounting and the collateral or guarantee requirements attached to each facility. The objective should not be to favour one instrument in every case, but to determine which combination provides adequate liquidity at an acceptable cost and risk level.
- **CRAC monitoring:** Where GeM or another public-procurement process requires a Consignee Receipt and Acceptance Certificate, the enterprise should maintain a transaction-wise record of delivery, inspection and acceptance. The finance team can review the ageing of transactions awaiting acceptance and escalate cases that remain pending beyond the period specified in the applicable procurement terms. This control helps management identify potential delays before they materially affect the cash-conversion cycle.
- **Review of available support schemes:** Where an MSME is considering investment in technology, quality systems or process improvement, the CA can review whether any currently applicable government support scheme may be relevant. Schemes such as ZED and lean-manufacturing initiatives may be considered where their eligibility conditions and current guidelines are satisfied. The recommendation should be based on the enterprise's proposed investment, eligibility and expected commercial benefit rather than on the existence of a scheme alone.

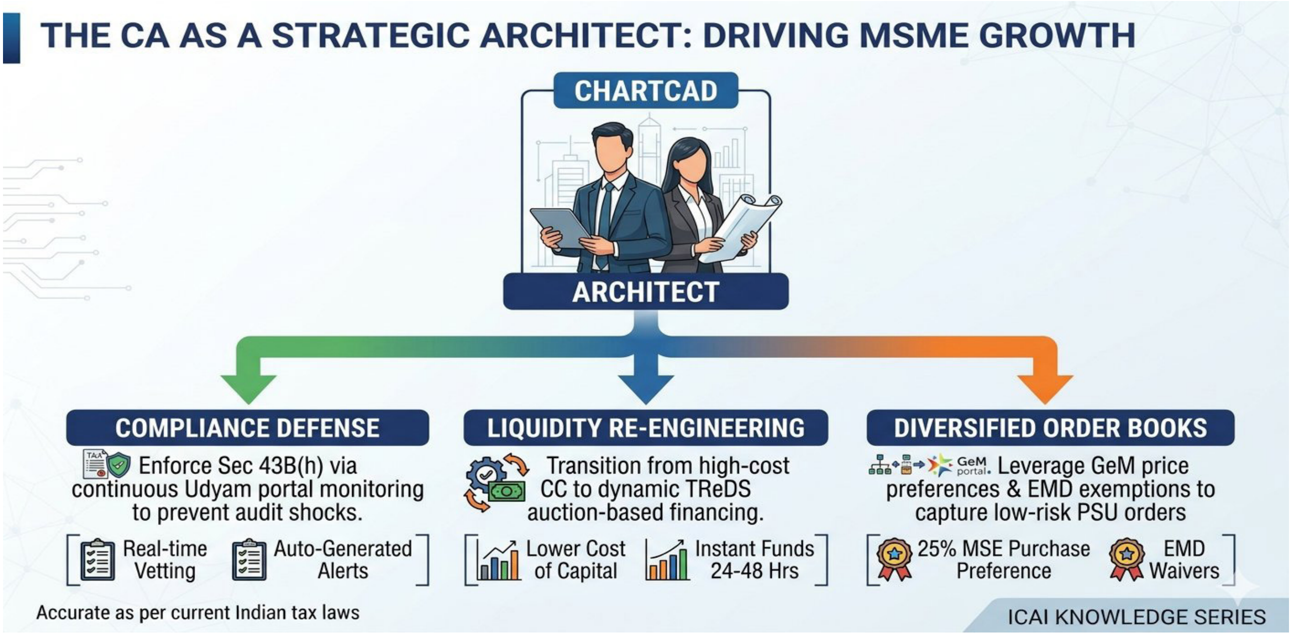
Statutory References and Legal Frameworks

The analysis above draws upon the following statutory, regulatory and institutional sources, which should be consulted in their current form when applying the provisions to a particular transaction:

1. **The Income Tax Act, 1961:** *Section 43B(h)*, introduced via the Finance Act 2023, regulating the timing of deductions for outstanding payments made to micro and small enterprises.
2. **The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006:** *Sections 15 through 24*, defining statutory payment timelines (15/45 days), compound interest liabilities (3x the RBI bank rate), and the operational mandate of the MSME Samadhaan Council.
3. **Reserve Bank of India (RBI) Guidelines:** Master Directions and circulars regulating the institutional architecture, settlement systems, and onboarding frameworks of the **Trade Receivables Discounting System (TReDS)**.
4. **Ministry of Micro, Small & Medium Enterprises, Government of India:** Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012, detailing tender waivers, EMD exemptions, and the L1 + 15% price preference infrastructure.
5. **The Institute of Chartered Accountants of India (ICAI):** Technical Guides, corporate audit checklists, and policy toolkits issued by the *Committee on MSME & Start-up* to assist practitioners in conducting statutory audits and Form 3CD reporting.

Strategic Takeaways and Action Plan for CAs

The issues discussed in this article indicate that working-capital management, MSME compliance and customer diversification should be considered together rather than as isolated financial functions. For the Chartered Accountant advising an auto-component MSME, the practical focus should be on obtaining timely information, identifying emerging payment risks and selecting financing and procurement alternatives on the basis of cost, compliance and commercial feasibility. The following three actions provide a practical starting point.



- **Establish continuous payment monitoring:** A year-end review alone may not provide sufficient time to address payment-related issues. The finance function should periodically review the ageing of amounts due to eligible micro and small enterprise suppliers and reconcile the relevant supplier-classification information. An internal alert, such as a 35-day review point, can be used to identify transactions requiring attention before the applicable statutory period is reached.
- **Evaluate the financing structure:** Conventional working-capital borrowing and receivables financing should be compared on the basis of cost, security requirements, liquidity benefit and accounting treatment. TReDS can provide an alternative route for financing eligible receivables, but the accounting consequences and transaction terms should be examined before assuming that the receivable will be derecognised or that financing will always be available within a particular period. The appropriate objective is a sustainable reduction in the cash-conversion burden without creating unnecessary financing risk.
- **Reduce customer concentration:** Dependence on a small number of large customers can expose an MSME to significant revenue and receivables risk. Where the enterprise has products that are suitable for public procurement, participation in GeM and other institutional procurement channels may provide an opportunity to broaden the customer base. The CA can assist management in evaluating eligibility, tender economics, working-capital implications and applicable procurement preferences before the enterprise commits resources to this channel.

By CA. Pushkar Raj Joshi

Role of Chartered Accountants in Start-ups & MSMEs:

From Idea to Zenith

Executive Summary

India's start-up and MSME sectors together employ crores of people and contribute a large share of the country's GDP and exports. A business rarely survives on a good idea alone — it survives because someone builds sound financial systems around it, keeps it compliant, raises capital sensibly, and manages risk as it scales.

Chartered Accountants used to be seen mainly as accountants, tax filers, and auditors. That picture has changed. A CA today can be a Virtual CFO, a valuation expert, a fundraising advisor, a governance consultant, or a transaction advisor — often for the very same client, at different points in its journey.

This article walks through every stage of a start-up or MSME's life — from the first business idea to a possible exit — and shows, through realistic examples, what a CA actually does, and earns, at each stage.

1. Introduction: A Bigger Role for the Profession

India today has one of the largest start-up ecosystems in the world. Alongside it sit more than 6 crore MSMEs that quietly power exports, manufacturing, and local jobs across small towns and large cities alike. Programmes such as Startup India, simpler digital registrations (Udyam, DPIIT recognition), and easier access to venture capital and private credit have made it simpler than ever to start a business — in fintech, healthtech, agritech, D2C retail, manufacturing, or renewable energy.

Founders are usually experts in their product or service — not in finance, tax, or company law. That gap is exactly where a CA adds value.

Earlier, most start-ups and MSMEs came to a CA for three things: company incorporation, GST registration, and tax filing. That is no longer enough. A growing business today needs help with cash flow planning, monthly MIS dashboards, an investor pitch deck, a fair valuation, statutory compliance across multiple laws, and eventually, deal-making at exit. A CA who sticks to compliance work alone is leaving most of this value on the table.

Behind every business that survives its first five years, there is usually a CA who quietly kept the numbers honest, the compliances current, and the founder's decisions grounded in data rather than guesswork.

The Growth Pyramid: How the CA's Role Changes with the Business

As a business moves through its life — Idea, Formation, Operations, Growth, Fundraising, Expansion, and finally Exit (through an IPO, M&A, or a PE/VC exit) — the CA's role climbs along with it: from Compliance Partner in the early days, to Strategic Advisor as the business grows, to Value Creation Specialist when it is time to raise money or sell the business.

2. The Five Hats of a Chartered Accountant

A CA supporting a start-up or MSME wears several hats, often in the same week:

- The Architect — decides the right legal shape for the business (Private Limited, LLP, OPC, or proprietorship), plans how much capital is needed, and completes the registrations before the business raises its first invoice.
- The Navigator — keeps the business compliant with GST, income tax, FEMA, labour codes, and — increasingly important for MSMEs — the MSMED Act.
- The Strategist — converts raw transaction data into decisions a founder can act on: budgets, forecasts, and dashboards simple enough to read in five minutes.
- The Fundraiser — helps the business raise money on fair terms: valuation, financial models, investor documents, and due diligence support.
- The Guardian — builds the guardrails that give lenders, investors, and the founder's own conscience some peace of mind: internal controls, risk management, and board-level reporting.

3. The Chartered Accountant Across the Start-up and MSME Lifecycle

A. Idea and Formation Stage

Every business starts with an idea, but an idea only becomes a business once someone tests whether it can make money. At this stage, the CA is usually the entrepreneur's first professional advisor — often before a single rupee of revenue has come in.

What a CA does here:

- Tests the idea on paper: a simple feasibility study and 3-year financial projection
- Recommends the right entity — Private Limited Company, LLP, OPC, or proprietorship — based on funding plans, liability, and tax
- Plans the capital structure: how much should come in as equity, how much as a founder loan
- Completes registrations: incorporation, GST, Shops & Establishment, Startup India (DPIIT) recognition, and Udyam registration (for MSMEs)

What the client receives: a Feasibility Report, Projected Financial Statements, a short Business Structure Advisory Note, and completed registration certificates.

> **REAL-LIFE EXAMPLE** **Sunrise Agrotech, Raipur**
>
> Two agriculture graduates want to build a cold-storage rental platform for small farmers. Their CA runs the numbers and shows that, at their expected pricing, they will only break even in month 14 — not month 6 as the founders had assumed — because electricity and staff costs had been left out of their own estimate.
>
> The CA recommends a Private Limited structure since their investor plans to come in as equity, completes DPIIT Startup India recognition, and registers the business on Udyam. The DPIIT recognition later qualifies the company for a 3-year income tax holiday under Section 80-IAC, while Udyam registration protects it as both a buyer and a seller under the MSMED Act.

B. Operational Stage

Once the business is running, the real test begins: cash flow, accounting discipline, and compliance. More businesses shut down from running out of cash than from a bad idea — financial discipline at this stage decides who survives.

What a CA does here:

- Sets up accounting software and a chart of accounts that actually matches how the business operates
- Handles monthly GST and TDS compliance, and reconciles GSTR-2B against the books so input tax credit is not lost
- Builds a rolling cash flow forecast, not just a bank balance check
- Sets up basic internal controls: who can approve a payment, who can edit an invoice

What the client receives: Monthly MIS Reports, a rolling Cash Flow Statement, a Compliance Calendar, and Budget vs Actual tracking.

> **REAL-LIFE EXAMPLE** **GlowNiche, Pune**
>
> A two-year-old D2C skincare brand is growing sales every month but keeps running short of cash to pay suppliers. Its CA finds the real problem: money is locked up in unsold inventory for nearly 70 days on average, while the brand's own creditors expect payment in 30.
>
> A simple 13-week cash flow forecast, tighter reorder quantities, and a renegotiated 45-day credit period with its packaging vendor free up close to ₹18 lakh in working capital within a quarter — without the founder putting in a single extra rupee.

C. Growth and Scaling Stage

As the business grows, gut-feel decisions stop working. This is where the CA moves from being a compliance advisor to a strategic finance partner.

What a CA does here:

- Builds budgets and rolling forecasts the founder can actually use
- Calculates unit economics: cost per customer acquired, lifetime value, and contribution margin by product or city
- Flags cost leaks and suggests pricing corrections
- Builds a one-page performance dashboard for the founder and the leadership team

What the client receives: a Growth Dashboard, KPI Reports, Budget vs Actual Analysis, and Profitability Reports by product or region.

> **REAL-LIFE EXAMPLE** **CloudDesk, Bengaluru**
>
> A SaaS start-up believes it is scaling well because monthly revenue keeps rising. Its CA builds a simple unit-economics dashboard and finds it actually takes 14 months to recover the cost of acquiring one customer, against a target of 9 — and one large customer segment is unprofitable once support costs are properly allocated.
>
> Acting on this, the founders shift ad spend away from the weak segment and raise prices on a low-margin plan, cutting the payback period to under 10 months within two quarters.

D. Fundraising Stage

Fundraising has become one of the most rewarding areas of work for CAs — it positions the CA as a growth enabler, not just a compliance professional.

What a CA does here:

- Prepares a defensible valuation using methods such as Discounted Cash Flow (DCF) or comparable company multiples
- Assesses investor readiness — are the financials, cap table, and compliances actually

presentable?

- Builds the financial model that goes into the investor pitch deck
- Manages the due diligence data room and answers investor queries
- Reviews term sheets for clauses that quietly hurt the founder, such as an unfairly large ESOP pool carved out before the round

What the client receives: a Valuation Report, an Investor Financial Pack, a structured Data Room, and Due Diligence Support Reports.

> **REAL-LIFE EXAMPLE** **PayEase, a fintech start-up**
>
> While raising a ₹15 crore Series A round, the founders are ready to accept the first term sheet that arrives. Their CA runs an independent DCF and comparable-company valuation showing the offer undervalues the company by nearly 20%.
>
> The CA also flags a clause requiring a fresh 10% ESOP pool to be created before the investment — diluting existing founders and employees, not the incoming investor. Armed with this, the founders renegotiate the round at a fairer valuation and split the ESOP top-up cost across all shareholders.

E. Governance and Virtual CFO Services

Virtual CFO services are one of the fastest-growing, most recurring revenue streams available to CAs today — a business does not need to be large to need one.

What a CA does here:

- Prepares monthly board packs and investor updates
- Runs 13-week and annual cash flow forecasts
- Advises on working capital: inventory days, debtor days, creditor days
- Sets up governance basics: a simple related-party transaction policy, an expense approval matrix, and a fraud-risk checklist

What the client receives: Board Packs, Monthly CFO Reports, Fund Utilisation Reports, and Investor Communication Reports.

> **REAL-LIFE EXAMPLE** **Shree Precision Tools, Indore**
>
> A 40-employee auto-components manufacturer has never had a finance head — the promoter handles everything personally, including chasing payments. A CA engaged as Virtual CFO introduces a monthly board pack and tracks the cash conversion cycle, finding the business ties up cash for 95 days on average between paying suppliers and collecting from customers.
>
> Within two quarters of tighter credit terms and faster billing, that cycle drops to 65 days — freeing up enough cash to fund a new machine purchase without a fresh bank loan.

F. Expansion and International Growth

As businesses scale, many look at new geographies, export markets, or foreign investment.

What a CA does here:

- Advises on FEMA compliance for outbound or inbound investment
- Prepares transfer pricing documentation for cross-border transactions with group entities
- Structures overseas subsidiaries or branch offices
- Guides on export incentive schemes and related compliance

What the client receives: FEMA Compliance Reports, International Structuring Advice, Transfer Pricing Documentation, and an Overseas Expansion Framework.

REAL-LIFE EXAMPLE **Vastra Exports, Ahmedabad**

A textile manufacturer supplying Indian retailers wants to set up a small trading office in Dubai to sell directly to Gulf buyers. Its CA structures the outbound investment under the FEMA Overseas Investment Rules, prepares the required regulatory filing, and sets up a transfer pricing policy for goods sold between the Indian factory and the Dubai office — avoiding a mismatch that could otherwise draw scrutiny from tax authorities on both sides.

G. Exit and Value Realisation Stage

For many start-ups, the ultimate goal is a value-creating exit — through acquisition, merger, or public listing. This is among the highest-value work a CA can do in this space.

What a CA does here:

- Runs financial due diligence on behalf of the buyer, or gets the seller's books "due-diligence ready"
- Structures the transaction — slump sale, share sale, or asset purchase — each with different tax outcomes
- Assesses IPO readiness where relevant
- Structures deferred consideration and earn-out clauses to protect the founder's tax position

What the client receives: Due Diligence Reports, Transaction Advisory Reports, IPO Readiness Assessments, and Valuation Reports.

REAL-LIFE EXAMPLE **A logistics-tech start-up, Chennai**

A larger logistics company offers to acquire a city-focused delivery start-up, structured partly as an upfront payment and partly as an earn-out tied to next year's revenue. The founders' CA reviews the deal structure and shows that, as originally drafted, the entire earn-out would be taxed as capital gains in the year of the agreement — not when it is actually received.

Restructuring the earn-out as contingent consideration linked to a formula, with proper documentation, defers the tax liability to the years the money is actually earned and received.

Evolution of the Chartered Accountant

Traditional Role	Start-up / MSME Era Role
Accountant	Financial Architect
Tax Consultant	Strategic Advisor
Auditor	Risk Manager
Compliance Professional	Growth Partner
Return Filer	Fundraising Facilitator
External Consultant	Virtual CFO

The start-up and MSME ecosystem is turning Chartered Accountants from record-keepers into enterprise builders.

This is one of the most practical, high-frequency, recurring pieces of advisory work a CA can offer any client who buys from small suppliers — and it did not exist a few years ago.

Since 1 April 2024, Section 43B(h) of the Income Tax Act, 1961 — now carried forward as Section 37(2)(g) of the Income Tax Act, 2025, effective 1 April 2026 — says that any amount a business owes to a Udyam-registered Micro or Small Enterprise can be claimed as a tax deduction only in the year it is actually paid, if it is not paid within the time limit set under Section 15 of the MSMED Act, 2006. That limit is 15 days where there is no written agreement, and up to 45 days where there is one. The rule applies only to Micro and Small suppliers, not Medium ones, and only where the supplier holds a valid Udyam registration.

REAL-LIFE EXAMPLE **An auto-components buyer, Nagpur**

A mid-sized manufacturer routinely pays its small-parts suppliers on a 60-day cycle, as it always has. Its CA reviews the vendor master and finds that ₹50 lakh worth of purchases from Udyam-registered Micro and Small suppliers is still outstanding beyond the 45-day limit at year-end.

Because that amount was not paid in time, the entire ₹50 lakh becomes non-deductible for the year — pushing up the company's taxable income, and its tax bill, by roughly ₹12–15 lakh at applicable rates.

The CA sets up a simple vendor-wise ageing tracker flagging Udyam-registered suppliers separately, and recommends the company either negotiate longer written credit terms up front (capped at 45 days) or pay these vendors faster. This kind of vendor-ageing review is now something every CA advising an MSME buyer should be doing every quarter — not just at year-end.

Government programmes such as Startup India and the Udyam registration system have built a strong support system for entrepreneurship — tax incentives, formal recognition, funding support, incubation facilities, and simpler regulatory processes. Every one of these creates work for CAs: DPIIT recognition applications, Udyam registration, structuring for the Section 80-IAC tax holiday, fund-related compliance, and governance advisory. As the ecosystem matures, and as digital-first regulatory changes such as the 45-day MSME payment rule keep arriving, demand for CAs who understand both compliance and strategy will only grow

Stage	Key Question the CA Should Ask the Founder
Idea & Formation	Is the entity structure right for your funding plan, or are you defaulting to what your friend used?
Operational	Do you know your actual cash runway in months, not just today's bank balance?
Growth	Do you know your cost to acquire one customer, and how long it takes to recover it?
Fundraising	Has an independent valuation been done, or are you accepting the investor's number?
Governance / Virtual CFO	Who besides you can see the complete financial picture of this business?
Expansion	Have FEMA and transfer pricing been considered before the first cross-border transaction, not after?
Exit	Is the deal structured for the best tax outcome, or just the highest headline price?

A start-up or MSME may be founded by an entrepreneur, funded by an investor, and powered by technology — but none of that survives long without financial discipline, governance, and regulatory compliance. That is where Chartered Accountants are uniquely placed.

From testing whether an idea can make money, to building the financial systems that keep it running, to helping it raise capital, manage risk, and eventually exit — a CA can add real, measurable value at every single stage. As India's start-up and MSME sectors keep growing, the profession has a genuine opportunity to move beyond compliance and become an active partner in how these businesses are actually built.

The future belongs not to Chartered Accountants who only record transactions, but to those who help build enterprises. In the start-up and MSME ecosystem, Chartered Accountants are no longer just observers of growth — they are partners in creating it.

By Prof. Kapil Suri

Q1. Scheme for 'Credit Guarantee Scheme for Micro and Small Enterprises' is to make available credit to Micro and Small Enterprises for loans up to Rs. ----- lakh without collateral/ third party guarantees

a. 100

b. 200

c. 500

d. None of the above

Q2. Prime Minister Employment Generation Programme (PMEGP) is for

a. Manufacturing Enterprises

b. Service Enterprises

c. Manufacturing/ Service and Business Enterprises

d. None of the above.

Q3. Under PMEGP the maximum cost of the project/unit admissible under

a. manufacturing sector is Rs.25 lakh

b. business sector is Rs.10 lakh.

c. service sector is Rs.10 lakh.

d. a,b and c

Q4. Digital Payments in Micro, Small and Medium Enterprises use also improves the -------------of an individual/enterprise

a. credit score

b. debit score

c. Both Credit and Debit Score

d. None of the above.

Q5. Digital Payments in Micro, Small and Medium Enterprises is the use of Digital transactions offers incentive in the form of-------------.

a. cash back and discounts

b. cash back

c. discounts

d. None of the above.

Q6. Which AI application is most relevant for MSME customer service?

a. Chatbots and virtual assistants

b. Manual call handling only

c. Paper-based communication

d. Offline advertising

Q7. AI-based analytics can help MSMEs to:

a. Ignore customer preferences

b. Predict future trends and demand

c. Eliminate data collection

d. Avoid planning

Q.8 Which of the following is an example of AI-driven automation?

a. Manual invoice processing

b. Automated invoice recognition and entry

c. Paper ledger accounting

d. Handwritten billing

Q.9 A manufacturing MSME using AI for predictive maintenance can:

a. Increase machine breakdowns

b. Reduce downtime and maintenance cost

c. Avoid equipment usage

d. Eliminate production

Q.10 A retail MSME implementing AI-based recommendation systems can:

a. Reduce sales

b. Personalize customer experience and increase revenue

c. Eliminate customers

d. Avoid product promotion

Answers:
1.**b** 2.**c** 3.**d** 4.**a** 5.**a** 6.**a** 7.**b** 8.**b** 9.**b** 10.**b**

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